

EXECUTIVE SECRETARIAT  
ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR				
4	D/ICS				
5	DDI		X		
6	DDA				
7	DDO		X		
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/OLL				
14	D/PAO				
15	VC/NIC				
16	C/EA/DO		X		
17	D/OEA/DI		X		
18	NIO/EA		X		
19					
20					
21					
22					
SUSPENSE		Date			

Remarks

Executive Secretary

12 Jun 85  
Date

SECRET/SENSITIVE



United States Department of State

*Under Secretary of State  
for Political Affairs*

Executive Registry

85-

2350

June 11, 1985

CIA - Mr. William J. Casey

Bill,

I thought you would be interested  
in my reactions to a couple of days  
in Manila.

A handwritten signature in dark ink, appearing to read "MS" or "MA", written over a horizontal line.

Michael H. Armacost

Attachment:

Memo on Visit to Manila

SECRET/SENSITIVE



ES SENSITIVE  
8517037

United States Department of State

Under Secretary of State  
for Political Affairs

Washington, D.C. 20520

June 10, 1985

DIST  
6/10/85D  
P

S/S

S/S-I SECRET/SENSITIVE

MEMORANDUM TO THE SECRETARY

SUBJECT: Visit to Manila

During my two-day stopover in Manila, I spent two hours with President Marcos, and met with many others, including Prime Minister Cesar Virata, Defense Minister Juan Ponce-Enrile, Acting Chief of Staff Fidel Ramos, Deputy Prime Minister Jose Rono, a variety of opposition leaders including Doy Laurel, leading members of the business community, and General Carlos P. Romulo. While there are some encouraging signs -- e.g. agreement with the banks on debt restructuring, pressure for reform from within the military establishment, and the general vitality of political activity -- these did not dispel two overriding impressions: (1) security conditions in the Philippines are deteriorating, and Marcos has no credible strategy for reversing this trend; and (2) Marcos, despite a loss of credibility, is gearing up to perpetuate his tenure in office, at the expense of a timely and orderly succession.

My dominant impressions from the visit were these:

-- Marcos looked physically and mentally alert, but he continues to pace himself carefully. His reviving health limits to some degree the influence of those like Imelda and her brother, Kokoy Romualdez, who take advantage of their position when he is feeling low. However, it has also reawakened Marcos' determination to run in 1987 for another six-year term as president, and reinforced his inclination to manage everything out of his own hip pocket.

-- The NPA insurgency continues to gather momentum. This is evident from all the key indicators, e.g. the number of armed NPA regulars, the size of their mass base, the frequency of NPA-initiated armed incidents, the number and geographic dispersion of NPA-contested or controlled villages, the breadth of their political activities throughout the country. Nonetheless, Marcos blithely informed me he expected to have the situation "under control" within six months. Either he is more out of touch than I expected, or he was simply disingenuous. I suspect the latter, since Enrile and Ramos expressed deep concern to me about the insurgency. In any event, there was no echo in my conversation with Marcos of his

SECRET/SENSITIVE  
DECL: OADR

SECRET/SENSITIVE

-2-

recent public suggestion that he might be forced to request U.S. military intervention to deal with the NPA in the future.

-- I could discern no coherent government-wide strategy for dealing with the insurgency. Marcos is personally running the policy. But there is no effective interagency coordination which embraces civilian and military programs. The Prime Minister is preoccupied with economic and financial issues. Virata doesn't really play on counterinsurgency questions. He said -- without much conviction -- that he will seek to use the Cabinet to affect better coordination of government programs designed to erode the NPA's appeal. It won't work. Ramos and Enrile are operating on a tight leash; both acknowledge that the central problem is political; and neither enjoys much latitude even on strictly military aspects of the problem. While the President talked a great deal about retraining military people guilty of abuses, he was rather defensive on the issue of military reform. He characterized the younger officers who have raised reform issues as "grippers"; he defended senior commanders against allegations of corruption (Ramos described to me a host of corrupt practices introduced into military supply contracts by General Ver); Marcos recently gave indefinite extensions to a number of "overstaying generals," including the ineffectual commanders of the major services. In short, having politicized the armed forces, Marcos can hardly be expected to lead the way in reestablishing its professionalism.

-- Marcos confirmed in unequivocal terms his plan to run again for the Presidency in 1987. He flatly denied any plan to synchronize the presidential and local elections next year, though Deputy Prime Minister Rono implied that Marcos has left that option slightly open. Decisions are being taken to enhance the KBL's chances of winning upcoming elections despite the erosion of their popular support. Marcos recently appointed a long-time friend and fellow Ilocano as chairman of the Commission on Elections. The Integrated National Police is being placed under the jurisdiction of local officials who are virtually all KBL. The President's party is getting up a sizable kitty for campaign expenses. Mrs. Marcos is taking on a higher profile again, presumably because she will serve as surrogate for the President on the stump; his health will not permit much active campaigning.

SECRET/SENSITIVE

SECRET/SENSITIVE

-3-

-- Still Marcos and the KBL are in real political trouble. In only 4 of 13 regions -- all rural constituencies -- can the President be confident of prevailing in local elections. By contrast, the opposition -- if they get their house in order -- may dominate the metropolitan centers as well as central Luzon, which has long held the key to political control of the country. These vulnerabilities notwithstanding, Marcos' domination of the political process is clear; though many of his associates criticize him freely in private, none is prepared to suggest he step down in '87. Even potential rivals like Johnny Enrile or Blas Ople emphasize that they will run only for the Presidency if Marcos steps aside. General Romulo essentially pleaded that the USG persuade Marcos not to run again. If he runs, Romulo observed, he will not permit himself to lose.

-- Marcos scarcely conceals his involvement in shaping the outcome of the Aquino assassination trial. The harassment of the star prosecution witness has at a minimum palace sanction. Marcos also reiterated his intent to reinstate General Ver if he is acquitted, though his comments allowed the inference that the reinstatement might be a brief and ritual one. Few Filipinos are confident that Ver or anyone else will be convicted.

-- The economy may have bottomed out of the recession. Inflation is down, and interest rates may follow. Agreement with the banks on a restructuring package has been a tonic. Yet no one in the business community expects a dramatic upturn in the near future. Promised reforms in the sugar and coconut sectors are a sham and prices are awful. And exports in the fields of electronics and labor are down because demand is off.

-- The opposition remains unimpressive. Doy Laurel continues to be the front runner, but enjoys little respect among other opposition leaders. Little effort is going into defining a program beyond "getting rid of Marcos." The good news is that moderate opposition has awakened to the danger of being infiltrated by the left. And several key leaders (e.g. Salonga and even perhaps Diokuo) have softened their opposition to our base presence.

SECRET/SENSITIVE

SECRET/SENSITIVE

-4-

-- We appear to be well positioned to deal with a variety of contingencies. Our dialogue with the government remains cordial, though Marcos bristles occasionally at our advice. The opposition welcomes the access they enjoy to the Embassy, though they complain that our ESF is used by Mrs. Marcos as an election support fund. Steve deserves a lot of credit for keeping things on an even keel during a difficult period. It could get a lot rougher in the coming year.



Michael H. Armacost

SECRET/SENSITIVE